POLICY ANALYSIS OF START-UP INDIA INITIATIVE IN JHARKHAND: PROBLEM AND PROSPECTS (2016-2022)

SYNOPSIS

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1. State of The Art

Startup India Initiative was launched by the central government on January 16, 2016. It was spearheaded by Prime Minister Narendra Modi. Start-Up India Action Plan has a primary goal to establish a robust ecosystem that fosters innovation and supports startups across the nation. The initiative addresses various aspects of the startup emergence and ecosystem, extending its reach from metropolitan areas to smaller towns and diverse sectors.

Prime Minister Narendra Modi emphasizes the significance of startups, technology, and innovation as transformative tools for India. Entrepreneurship is increasingly recognized as a crucial means to enhance employment and job creation for the youth, offering a valuable strategy to improve livelihoods and economic independence. India has witnessed a rise of over 100 unicorn startups. The Startup India Initiative has inspired young minds in India to become job creators rather than mere job seekers.

The government has implemented various policies and reforms, including tax holidays, abolishment of angel tax, startup-specific funds, simplified market listing, and other schemes, strengthening the startup movement in India. Launching startup involves numerous challenges, ranging from idea generation and securing potential investors to establishing a robust management team and adapting to evolving trends. Failure to manage these challenges effectively can lead to the discontinuation of operations.

Jharkhand emerged as a pioneer in the startup landscape by introducing its startup policy in 2016, one of the four states to do so at that time. At present more than most of the state and union territory have their own startup policy and state startup portals. The government of Jharkhand is dedicated to creating an inclusive ecosystem for entrepreneurship and innovation, aiming to be among the top startup states in the country.

The Jharkhand government's two-pronged approach, outlined in its Startup Policy 2016, focuses on an action plan tailored to individual entrepreneurs' needs and the development stage of their ventures. Additionally, the policy outlines various enablers essential for successful startups and the broader entrepreneurial ecosystem in the state. The action plan provides personalized support through government-supported incubation centers and accelerators.

The action plan is designed to provide individualized support tailored to the needs of each entrepreneur, taking into consideration the current stage of development of their idea or venture. It aims to deliver personalized one-on-one assistance across a diverse spectrum of topics, services, and resources crucial for the growth of emerging startup companies, facilitated through government or government-supported incubation centers and accelerators.

The Government of Jharkhand is dedicated to establishing collaborative infrastructure that bridges academic and research institutions, industry and associated

organizations, funding institutions, and other pertinent stakeholders. This initiative is aimed at expediting the growth and success of entrepreneurs.

Presently, there are approximately 3102 startups in Jharkhand, with 958 of them being officially recognized by DPIIT.

Although the Jharkhand Startup Policy of 2016 lapsed in September 2021, the state has reaffirmed its commitment to creating a conducive environment for startup growth. To achieve this, the government has introduced the Jharkhand Startup Policy-2021, which will remain in effect from September 19, 2021, to September 18, 2026. The Startup policy of 2021 will be a limitation to the proposed research.

Jharkhand has experienced setbacks in recent years due to the pandemic, resulting in a loss of some advantages gained in its early years as a pioneer. The study focuses on the lack of dedicated research efforts on startups in Jharkhand and the government's policy initiatives, making it a critical area of investigation.

Literature Review

Engaging with existing literature serves the purpose of acquainting ourselves with the field of study and evaluating prior contributions in that domain. A well-executed literature review is instrumental in pinpointing essential issues that need attention, enabling us to stay abreast of the latest advancements and maintain a cutting-edge position in research. The previous research and literature pertaining to the proposed research is categorized into three segments: Challenges Encountered by Startups/Factors Leading to Failure; Entrepreneurial Startup Ecosystem; and Policy Frameworks. While there exists a substantial body of knowledge on this topic, it is notable that numerous works are presented in non-academic formats such as journalistic writings and reports.

Singh, Vijay Kumar (2020) in his book '*Policy and Regulatory Changes for a Successful Startup Revolution*', highlights areas that demand attention from stakeholders. The author delves into the significant challenges and potential solutions stemming from the Indian experience in the startup revolution. The book underscores the necessity to address various issues from both policy and regulatory standpoints to ensure the triumph of the startup revolution.

Iyer, Rama (2019) in his book '*Innovation Ecosystem In India',* discusses the diverse initiatives implemented by India to foster and instill a culture of innovation in the nation. The book specifically addresses the actions taken by the Central Government, State Government, research institutions, and schools/colleges. It's crucial to note that the book is centered around startups in Telangana, whereas this research paper will concentrate on examining the innovation ecosystem in Jharkhand.

Poul, Soum (2017) in his book '*Flight of the Unicorns'*, extensively examines the trajectory of Indian startups in the recent past, delving into the challenges and experiences associated with entrepreneurship. The author constructs insights around effective strategies and pitfalls, offering a vision for the future of startups in this region. The book is organized into three distinct sections: the Rise and Fall of the Indian Startup Ecosystem, Emerging Trends and New Rules of the Game, and Case Studies featuring Brazil and Indonesia. The book does not specify regulatory hurdles faced by startups in India and potential recommendations for improvements, hence this research paper will highlight these aspects.

Tiwari, Praveen (2021) in his book '*Innovate India: A Roadmap for Atmanirbhar Bharat'*, outlines a roadmap for aspiring entrepreneurs, commencing with enrollment in the Startup Scheme India to garner significant international trade. The book highlights several startups that have set noteworthy benchmarks in the realm of social entrepreneurship, contributing to the organization of India's extensive unorganized sector. This research paper will attempt to bring out insights about Jharkhand's unorganized sector.

Babu, G. S. & and Sridevi, K. (2019) in their article entitled '*A study on issues and challenges of startups in India',* published in International Journal of Financial Management and Economics have explored that startups are confronted with a myriad of challenges encompassing financial constraints, human resource issues, and the entire spectrum from initial launch to maintaining sustainable growth with resilience. The study will provide a constructive pathway for startups, facilitating the overcoming of these challenges.

Maradi Mallikarjun M.,(2023) in his article entitled '*Growth of Indian Startup: A Critical Analysis',* published in Journal of Management and Entrepreneurship brings attention to the increasing number of incubators and a growing trend among young individuals to initiate their ventures, contributing to the surge in entrepreneurship and early-stage startups in India. The study recognizes that even in the face of failure, startups offer valuable insights for founders, employees, investors, and other stakeholders. Despite viewing startups as the future of employment, the article identifies a gap in the analysis concerning measures to overcome failure. This research will analyse the failures of Startups in Jharkhand.

Pulgam Rachna M., (2022) in his article entitled '*A Study of Opportunities and Challenges for Indian Startups',* published in International Journal of Management underscores the considerable initiatives of the Indian government and the favorable external environment. Despite these efforts, there remains a notable frequency of startups facing challenges during their initial stages. The paper identifies potential areas that pose threats to nascent startups. However, it falls short in providing insights into how these threats for early-stage startups can be mitigated through government policies.

Jain S., (2016) in her article entitled '*Growth of startup ecosystems in India*' published in International Journal of Applied Research highlights several challenges, including the absence of clear and transparent policy objectives, limited communication sources, and insufficient knowledge and exposure. It emphasizes the necessity for startup ecosystems to address operational, regulatory, and taxation concerns for effective business operations. To foster an entrepreneurial environment, the author suggests active participation from the government, large corporations, and educational institutions in creating a supportive culture for startups in India. Recommendations include the implementation of mentorship programs, innovative essay competitions, as well as the organization of workshops and seminars by both government bodies and universities. In summary, the article underscores India's substantial growth potential in the startup ecosystems, offering a significant portion of venture opportunities that attract global attention.

Bala Subrahmanya, M. H., (2017) in his article entitled '*Comparing The Entrepreneurial Ecosystems for technology Startups in Bangalore and Hyderabad*' Published in the Technology Innovation Management Review Article, observes that both the central government and regional government have played pivotal roles in the development of ecosystems in both cities. In Hyderabad, the ecosystem evolved due to proactive initiatives by the regional government were followed by a responsive market, leading to the establishment of the entrepreneurial ecosystem. While in Bengaluru, it was various stakeholders from market who brought a positive output.

Kesvan, R. V., (2018) on his article '*Designing Library, Information and Knowledge Extension Services For Startup India'* Published in the ADINET-Librarians Day Seminar's Proceeding has explored in the context of India's rapidly evolving economy, well-established libraries are deemed crucial not only as reliable information providers for startups but also as significant contributors to the nationwide mission of Startup India through active participation in business knowledge-sharing activities. It is noteworthy that the research does not explicitly address the implementation of its outcomes through policymaking but underscores its potential application in fortifying the Startup Ecosystem.

Sonkar, S. and Sarkar, A. K., (2021) in their article entitled '*Entrepreneurial Ecosystem in India: Role in Policies* 'published in the Journal of Entrepreneurship and Organization Management, has observed that every state has their own startup ecosystem responsible for the growth of startups. Following a thorough analysis of startup policies and industrial policies of various states it is found that each state lack in some of the factors leading to the growth of comprehensive entrepreneurial ecosystem.

Koshy, P, (2019) in his article entitled '*India's Entrepreneurship Policy: Future task and Vision'* published in the Journal Munich Personal RePEc Archive,

outlines the evolution of entrepreneurship policies in India. Both the central government and state governments have initiated numerous schemes to bolster support for entrepreneurs in the country. The introduction of the Mudra scheme, aimed at refinancing institutions that lend to entrepreneurs, is highlighted. Despite the positive impact of these schemes on the overall entrepreneurial ecosystem, the article notes that several initiatives have not effectively reached entrepreneurs in certain regions.

2. Problem to be investigated

The proposed research seeks to delve into the theoretical underpinnings of policy analysis, aiming to scrutinize the factors considered by government authorities in the formulation of the Startup policy and the challenges encountered during its implementation. The regulatory bottlenecks in the Startup Ecosystem of Jharkhand will be the focus of proposed research. Primary emphasis of the proposed research is on identifying challenges responsible for hindering innovation and investment in Jharkhand. The wider gap between government-initiated Startup policies and their actual implementation by development agencies will be part of proposed research. An essential aspect of the research is to comprehend policy endeavors dedicated to startups in Jharkhand and pinpoint challenges hindering the successful execution of Startup initiatives in the region.

3. Objective of the Investigation and Motivation

The proposed research aims to comprehend the theoretical aspects in policy analysis. The hurdles confronted by startups in Jharkhand will be examined.
The Specific objectives encompass the following:

- A comprehensive description of Startup India Initiative by central government and Startup policy of Jharkhand.
- Identify the challenges encountered by startups operating in Jharkhand.
- To analyze the prospects of Startup India Initiative in Jharkhand.
- To evaluate the contributions of incubators, mentors and investors in the growth of startups.
- To suggest the measures for formation of an effective startup policy and its implementation in Jharkhand.

Motivation

Motivation behind this research stems from a dedicated commitment to contribute to the development of Jharkhand. The researcher is particularly inspired to engage in the realm of startups, recognizing it as a pivotal factor in generating employment opportunities. The broader societal impact is envisioned, with job creation serving as a catalyst for wealth generation. The researcher perceives startups

as a potential bridge for advancing the development of Jharkhand. Another motivating factor is the researcher's desire to address the challenge of migration prevalent in the state. Jharkhand, endowed with abundant natural resources, holds the potential to mitigate migration issues through effective utilization by startups. Therefore, the proposed research is distinctly focused on establishing a sustainable ecosystem for startup entrepreneurs in Jharkhand. The ultimate aim is to propose practical measures for the effective implementation of the Startup policy in the state.

4. Research questions

The following research questions are derived based on an extensive review of existing literature:

a. Is the Startup India Initiative significantly contributing to the development of startups in the Jharkhand state?
b. What measures has the state taken to support startups post the implementation of the startup policy?
c. What strategies does the state Government employ to address regulatory bottlenecks in the Startup Ecosystem?
d. What are the primary deficiencies within the ecosystem that hinder the progress of startups in Jharkhand?
e. What is the potential impact of the Jharkhand Startup policy, and how does it contribute to the overall development of the state?

5. Research Hypotheses

Formulated from the stated research questions, the following hypotheses are presented:

1. The Startup India Initiative by the central government significantly contributed to the development of startups in Jharkhand.
2. The Startup Ecosystem and the implementation process are the key determining factor in advancing the growth of startups in Jharkhand.
3. The current Startup Policy implemented by the Jharkhand government is yet to yield positive outcomes.
4. The Jharkhand Startup policy holds substantial potential for contributing to the overall development of the state.

6. Research Design and Methodology

A research design serves as a blueprint delineating the methods and procedures for collecting and interpreting data. It establishes a framework or action plan for the research, encompassing the following components:

- Policy Analysis: Theoretical Background
- Startup India Initiative at the Centre

- A brief overview of Startup India Policy at States in India
- Policy Analysis of Startup Policy of Government of Jharkhand
- A case study of Operational Startups in Ranchi since 2016
- Findings and Suggestions
- Conclusion

Methodology

Research Methodology is a systematic procedure employing various techniques to address a specific research problem. The intended research will adopt a descriptive approach, facilitating the analysis of the Startup policy of Jharkhand.

For this a descriptive study of selected Startups among the different districts of Jharkhand will be done and a case study will be conducted on selected startups in Ranchi. It is capital city of Jharkhand. This will help to comprehend the challenges and issues faced by these entities during their initial ventures. The research will focus on startup companies in Ranchi directly or indirectly associated with the Startup India program, implemented between 2016 and 2022. The sample size will include startups in the ideation, validation, early traction and scaling stages, operating in Ranchi with approval from DPIIT as startup units. Financial institutions, government agencies, and other stakeholders will be part of the proposed research.

Judgement sampling will be employed to select samples for the startup case study, allowing for the strategic selection of startups based on their relevance and significance. The analysis of startups will involve the use of a survey questionnaire. Responses will be collected from startup units, government officials and other relevant entities through a structured questionnaire. Questions will cover topics such as the establishment of the business entity, the support received from the Jharkhand government and development agencies, arrangements for financial resources in the initial stages, and the present status and experiences with startups. A comprehensive analysis will be conducted to understand the challenges in the implementation of the Startup policy in Jharkhand, encompassing prospects contributing to the development of the state.

7. Sources of data and tools to be used in the collection of data

The proposed research will include both primary and secondary data sources. Primary data collection will be done through expert interviews using a structured questionnaire. Stakeholders, including Startup units, Government Officials, and other relevant entities, will be approached to understand the startup ecosystem and its operations in Jharkhand. The sample size for this study will be selected from Ranchi, the capital city of Jharkhand. The Startups enlisted in the Startup India portal of Department for Promotion of Industry and Internal Trade, Government of India will be selected for the data collection. The ATAL BIHARI VAJPAYEE INNOVATION

LAB will be used for the proposed research. ABVIL is an initiative by the Government of Jharkhand, developed in collaboration with the Indian Institute of Management Ahmedabad, with the objective of establishing a world-class innovation and entrepreneurship ecosystem in the state.

Secondary data will be collected from diverse sources, including prior studies, research papers, books, articles from journals, newspapers, government reports, literature, and both published and unpublished sources. Additionally, information available on related websites will be incorporated into the secondary data collection process.

8. Analysis of data

In the proposed research, the analysis of data will encompass both qualitative and quantitative methodologies. To analyze the collected data obtained through judgment sampling, basic mathematical and graphical tools will be employed, including percentages, pie charts, bar graphs. All quantitative tools will be utilized based on their appropriateness for the nature and requirements of the research. For research questions involving textual data obtained through judgment sampling, a qualitative approach will be adopted, with a focus on discovering genuine meanings and exploring new perspectives.

9. Significance of the study

The proposed research aims to make a substantial contribution to society by addressing the issue of job creation, particularly in response to the significant problem of youth migration from the state in search of employment opportunities. The research is focused on understanding the potential of startups in generating job opportunities within the state to mitigate the impact of migration. While previous studies have concentrated on reviewing existing startup policies to foster entrepreneurial activities in the state, they have paid minimal attention to outlining the challenges in policy implementation. The proposed research seeks to fill this gap by identifying ways to successfully implement startup policies and emphasizing the potential of startups. Ultimately, the research aims to play a significant role in establishing a sustainable startup ecosystem in Jharkhand.

10. Its Relevance to the present day problem and need to the society

Jharkhand, as a state, is on the verge of completing 25 years since its formation in 2025, following its separation from Bihar. There is a pressing need to stimulate the economy of Jharkhand, create opportunities for the youth, and formulate a comprehensive policy for the overall development of the state. The study of policymaking is crucial in this context. An effective startup policy has the potential to attract investments to the state and generate employment opportunities.

The proposed research aims to make a significant contribution to addressing policy challenges. It intends to provide guidance for policymakers and administrators, offering a simplified understanding of policy implementation. The research endeavors to boost startups, fostering an environment conducive to self-employment and entrepreneurship. Ultimately, the proposed research aims to establish an ecosystem for startups, investors, and entrepreneurs to engage and scale their businesses.

11. Contribution to the existing knowledge

The proposed research will have significant theoretical contributions, particularly enriching the discipline of Public Administration and Public Policy. The primary contribution of the research lies in exploring the concept of formulating effective policies and their successful implementation. The central concern is the understanding of policymaking. The analysis of effectiveness of the policies formed for startups is a gap that exists predominantly in the existing literature. The proposed research aims to fill this gap by contributing to the understanding of successful policy implementation, with a specific focus on identifying challenges in the process.

Additionally, the proposed research aims to contribute to the concept of sustainable startup ecosystem and its prospects. It seeks to highlight the importance of a well-organized ecosystem and its positive impacts, thereby adding to the existing knowledge base.

12. Future work

The Startup India Initiative serves as a guiding framework for the Startup policy of Jharkhand. The limitations of the proposed research will be addressed in future work. The primary focus of the research revolves around the Startup policy of Jharkhand, with specific limitations in the analysis of startups in different parts of Jharkhand. The proposed research will be confined to Ranchi, the capital city of Jharkhand. The proposed research will be helpful for future studies in other parts of Jharkhand. The limitations of the proposed research will include ways to establish a platform for innovators and entrepreneurs to connect, collaborate, and flourish. These aspects are intended to be addressed in future research endeavors. Additionally, the changes in the Startup policy of Jharkhand-2021 will be considered as a limitation to the proposed research, and this will be explored in future work.

13. Tentative Chapters

1) Policy Analysis: Theoretical Background
2) Startup India Initiative at Centre
3) A brief overview of Startup India policy at States in India
4) Policy Analysis of Startup policy of Government of Jharkhand

5) A case study of Operational Startups in Ranchi since 2016
6) Findings and suggestions
7) Conclusion

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